



Checklist For Responding To And Securing Insurance For A First-Party Property Loss

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- Restore service to any property protection systems that have been damaged, such as sprinklers and alarms.
 - If property protection cannot be restored, post a watch.
- Notify all insurance companies whose policies may be implicated.
 - Consider whether notice should be given to excess insurance companies or to insurance companies whose policies have expired.
- Prepare a preliminary report describing:
 - The type of loss
 - The date and time of the loss
 - The location of the loss
 - A contact person at the company
 - The property involved, including: buildings, equipment and stock.
- Determine if:
 - The property is protected from further damage
 - Any buildings require temporary enclosures
 - Any utility lines have been damaged and require repairs.
- Identify and separate damage and undamaged property.
- Commence salvage operations.
- Determine whether:
 - Production can be restored at the damaged facilities
 - Damaged equipment can be repaired
 - Substitute facilities and equipment are available and necessary
 - Lost production can be made up through inventory, overtime, or other suppliers.
- Formulate a plan with the insurance company's input, for making repairs, securing substitute facilities and equipment and undertaking other loss mitigation efforts.
- Set up accounting procedures to:
 - Track Property Damage
 - Devise separate accounts for all loss-related expenses
 - Implement procedures for collecting and maintaining all loss-related documentation, including invoices, contracts and manpower hours
 - Inventory damaged and undamaged good.
- Business Interruption
 - Determine the "period of interruption."
 - Determine the quantity of lost production as reflected in inventory records, production records and sales records. Compute what the plant would have normally produced, had there been no loss, then see how many units were actually produced. The difference is the gross lost production.
 - Deduct any sales or production that can be continued or made up through the use of existing inventory, the utilization of other plants, the utilization of overtime hours or other loss mitigation efforts. The difference is the net lost production.
 - Multiply the net lost production by the marginal value of a single production unit.
 - Add back the extra costs associated with replenishing inventory, and loss mitigation efforts.
- Prepare and submit claim.
 - Summarize
 - Date, location and type of loss
 - Amount claimed
 - Breakdown the amount claimed
 - Property damage
 - Real property
 - Equipment
 - Stock and supplies
 - Demolition and debris removal
 - Business Interruption
 - Interruption Period
 - Sales value of lost production
 - Expenses incurred to reduce the loss
 - Attach supporting documentation for each element of the property damage and business interruption.
- Press for written extensions of time to submit claim and to file suit if necessary.
- Seek prompt payment of claim by insurance company.
- If a dispute over a claim arises, determine:
 - Whether appraisal is appropriate or beneficial
 - Whether litigation will expedite payment of claim.